VIRGINIA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

HOW TO APPLY WORKSHOP

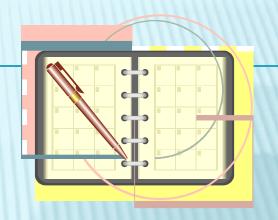
January 23, 2013 - Abingdon

January 30, 2013 - Richmond



AGENDA

- * Welcome and Introductions
- CDBG Program Overview
- CDBG Funding and Schedule
- Overview of Open Submission Grants
- Overview of Competitive Grants
- **×** Application Instructions
- **×** Breakout Sessions



CDBG PROGRAM OVERVIEW

- Funding authorized under the Housing and Community Development Act of 1974
- Three National Objectives:
 - + Low- and moderate-income benefit
 - + Slum and blight elimination
 - + Urgent community development needs

CDBG PROGRAM OVERVIEW

Administered by Virginia since 1982

Serves Non-Entitlement localities

+ Appendix A has list of eligible localities

Development Block
Grant Program
2013 Program Design

VIRGINA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

Virginia is required to develop an annual Program Design that includes the funding distribution method

Program Design establishes Virginia's overall Program Goal and Objectives

CDBG PROGRAM FUNDING

*Anticipated HUD Allocation

\$ 15,143,087

Plus:	Recaptured Funds (estimated)	\$ 2,000,000
Less:	State Administration	\$ 302,862
	State Technical Assistance	\$ 151,431
	2012 Letters of Intent	\$ 0
Less:	Planning Grants	\$ 500,000

Equals: Community Improvement Grants \$ 16,188,794

The anticipated use of Community Improvement Grant funding is as follows:

Construction-Ready Water and Sewer Fund	\$	1,000,000
Community Economic Development Fund	\$	2,500,000
Community Development Innovation Fund	\$	2,050,000
Urgent Need Open Submission Projects	\$	1,000,000
Competitive Grants	\$	9,638,794**
TOTAL	\$:	16,188,794

^{*}Based on anticipated 8% cut from the 2012 allocation.

^{**}This amount will be reduced at the time funding decisions are made for the Competitive Round to provide funds for previously awarded multi-year projects that will be positioned to move into their second phase of implementation.

CDBG PROGRAM SCHEDULE

- JANUARY 1, 2013 SEPTEMBER 30, 2013: Open Submission Proposals Accepted except Urgent Needs, accepted until OCTOBER 31
- CDBG Proposal TA Sessions
 - + February 28 and March 1 Richmond
 - + February 20 and 21 Abingdon
- MARCH 27, 2013 DEADLINE FOR COMPETITIVE PROPOSALS
- * April June, 2012 Competitive Proposal Review by DHCD
- ★ Tentative July, 2012 Competitive Grant Awards
- Tentative July September Contract Negotiations

OPEN SUBMISSION PROGRAMS

- Open now untilSeptember 30.
- With the Wind with the Wind
- * As long as funds remain.
- * Threshold based eligibility requirements.

- × Planning Grants
- Construction Ready Water and Sewer
- Community Economic Development
- CommunityDevelopmentInnovation
- Urgent Needs

PLANNING GRANTS

 \$500,000 is reserved for Planning Grants



- Develop strategies for addressing community development needs with maximum participation of residents, potential beneficiaries, stakeholders, and local leaders
- Start Early Need to be under contract by December to work toward spring application.
- We expect most Planning Grants to lay foundation for future CIG applications

PLANNING GRANTS

- Letter of Interest from Locality
- * Range from \$10,000 \$40,000
- Six Types of Planning Grants:
 - + Project Planning
 - + Business District Revitalization
 - + Community / Economic Needs Assessments
 - + Community Organizing
 - + Regional Projects
 - + Telecommunications





CONSTRUCTION READY WATER & SEWER

- **x** \$1,000,000 reserved
- Up to \$500,000 per project for new water or sewer service
- Cannot exceed \$12,500 in CDBG funds per household
- CDBG funds cannot account for more than 75% of the construction cost of the project.
- Project area must be at least 60% LMI households
- Projects must be ready and need additional funds; and Grantees must be able to be under contract within 60-days



COMMUNITY DEVELOPMENT INNOVATION

\$2,050,000 total reserved Local Innovation Program



- * \$1,000,000 reserved
- **×** Up to \$200,000 per project
- Small scale, innovative efforts
- IDA's, telecommunications, loan funds in support of economic restructuring activities / microenterprise

COMMUNITY DEVELOPMENT INNOVATION

Self Help

- * \$1,000,000 reserved
- ***** \$350,000 per project
- Supports infrastructure projects



Applicants must show 40% savings over conventional construction.

Supplemental Housing Rehab \$50,000

Guarantees mortgage loan funding for additional IPR and CDBG housing rehab beneficiaries.



COMMUNITY ECONOMIC DEVELOPMENT

- **x** \$2,500,00 reserved.
- Up to \$700,000 available per project, tied to the number of jobs created.
- * Assist in the location or expansion of basic industries.
- Industries commit to jobs and investment based on thresholds determined by the
 - locality's category

E.D. CATEGORY DETERMINATION

- * Financial assistance available depends on the economic strength of the applicant localities.
- **×** Categories:
 - + Distressed
 - + Transitional
 - + Competitive
- * See Program Design for thresholds.

URGENT NEEDS

- Prompt response to existing threats to local health and safety that is supported by
 - + Governor's Declaration of Emergency, or
 - + State Commissioner of Health's Declaration of Immediate and Severe Health Threat.
- **x** \$1,000,000 reserved.
- **×** Up to \$700,000 per project.
- * Applicant is unable to finance the project and other emergency funds are not available.
- Condition developed within 18 months of the submission of the proposal.

2013 CDBG COMPETITIVE GRANTS

Proposals Due March 27, 2013 5:00 pm

COMPETITIVE GRANTS

- Expected \$9,638,794 available.
 - + Based on estimated amount recaptured.
 - + Will be reduced for multi-year grants from previous funding cycles.

- * All proposals are scored on 1,000 point scale and ranked in scoring order.
- * It is expected that proposals will address items that are among the locality's highest identified community development needs.

COMPETITIVE GRANTS

Project Types

- + Comprehensive Targets at least two major activities, such as water, sewer, housing, etc.
- + Economic Development Create jobs or business opportunities or enhance the economic environment.
- + Housing Bring homes to HQS or support development for new housing units.
- Community Facility Water / wastewater services, drainage improvements, streets.
- + Community Service Facility Workforce training, health care, daycare associated with economic development, etc.

COMPETITIVE GRANT

* Prioritization

+ Localities should first develop a methodology to prioritize the highest community development needs.

× Comprehensive Needs Assessment:

- × Water
- × Housing
- × Sewer
- × Streets
- x Drainage
- × Sidewalks
- Solid waste / garbage
- × Debris removal
- Street lighting
- × Other neighborhood-specific items

PROJECT TYPE - COMPREHENSIVE COMMUNITY DEVELOPMENT

- Target completion of a range of neighborhood improvements
 - + Direct response to needs identified
 - + Emphasis is addressing the housing conditions of the community.
 - +Other activities may be undertaken as appropriate.
 - + Not intended to primarily focus on deferred maintenance of infrastructure.

PROJECT TYPE - COMPREHENSIVE COMMUNITY DEVELOPMENT

- Eligibility provisions based on the number of Significant Activities in the project
- Significant Activities are defined by the percentage of the total CDBG project cost.
- Defined by category and not component.
- Activities representing less can be included in the project and may be funded if activity is eligible and total funding remains under the limit.
- All activities must be eligible for CDBG.

PROJECT TYPE - COMPREHENSIVE COMMUNITY DEVELOPMENT

For projects with:

- Two significant activities
 - + Significant activities are no less than 20%, and
 - + No more than 70% of the CDBG project cost
 - + Eligible for up to \$1,000,000
- * Three or more significant activities
 - + Significant activities are no less than 10%, and
 - + No more than 60% of the CDBG project cost
 - + Eligible for up to \$1,400,000

- **×** Eligible for up to \$1,000,000.
- * Must target a single, well-defined project area.
- Available to Owner-Occupants and Investor Owners.
 - + Investor Owners must execute a recorded, legal commitment to rent the property to LMI households for a minimum of 10 years.

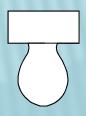
- No vacant unit shall be rehabilitated with CDBG funding unless
 - + History of being consistently occupied for the past 5 years, and rented for at least six months of the year preceding the proposal submission
 - ***Applicants must submit documentation**
 - + Unit was purchased by an LMI household, or the unit is owned by a locality, housing authority, or non-profit and will be sold to or lease-purchased by an LMI household.

- **x** Cost Limits
 - + \$25,000 or \$35,000 to rehab
 - + Manufactured Homes limited to \$10,000
- New Cost Limits for Substantial Reconstruction
 - Increase of the base cost limit to a not-to-exceed-limit of \$70,000, inclusive of DHCD's standard recognized exceptions.
 - + At least one exception is needed to qualify for this upper limit.
 - + The only approved additions beyond the upper limit will be up to \$10,000 for alternative septic system and the \$4,000 green building / energy conservation credit.
 - + Increase of upper limit for units without any exceptions to \$50,000; these units will still eligible for \$4,000 green building/energy-efficiency credit.

- * Allowable Exceptions include:
 - + Installation of water and wastewater
 - + Provision of accessibility features
 - + Addition of bedroom(s) if overcrowded
 - + Construction of a bathroom (if lacking)
 - + Lab costs for lead paint tests
 - + Rehab Floodproofing Solutions







- * New This Year
- To encourage further adoption of green building and energy conservation practices:
 - + \$4,000 will be available for the substantial reconstruction of a unit to a nationally recognized standard, such as EarthCraft or LEEDS.
 - + Must explain how this will be substantiated.
 - + Prior approval from DHCD is required.

PROJECT TYPE - HOUSING PRODUCTION

- * Eligible for up to \$700,000.
- Supports the development of new single or multifamily housing units for low-to-moderate income persons.
- New construction projects, assistance is limited to the design and construction of site improvements;
 Offsite = grant; Onsite = Ioan
- Funding for actual construction must generally be obtained from local or other resources

PROJECT TYPE - HOUSING PRODUCTION

★ Loan terms for projects using other funding mechanisms will be negotiated between the applicant and DHCD.

Payback on the loan will generally commence upon the opening of the facility, with any Program Income due to DHCD.

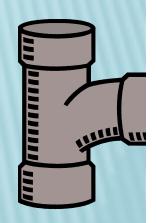
Applicants should provide analysis of differing loan terms, interest rates, etc. and clearly show how they impact the affordability to LMI beneficiaries.

PROJECT TYPE - HOUSING PRODUCTION

- Up to 20 percent of new units can be slated for sale at market rate
- Key items
 - + Market / demand study
 - + Availability of financing
 - + Management / operations plans
 - + Identified clients that are interested and can qualify for financing
 - + Other funding
- VIDA or other assistance to homebuyers
- Locality must have control of the property during any CDBG funded improvements.

PROJECT TYPE - COMMUNITY FACILITY

- **x** Eligible for up to \$1,000,000
 - + Not more than \$12,500 per household / service for Water
 - + Not more than \$15,000 per household / service for Sewer
 - + Includes water services, wastewater services, drainage improvements, etc.
- Typically targets projects involving new services to LMI persons for water / wastewater



CDBG assistance can not be used to exclusively fund the cost of service laterals.

PROJECT TYPE - COMMUNITY FACILITY

***** User Agreements - WATER

- + 80% of the total households to be served should have signed to be actual users.
- User agreements must be in place prior to submitting the proposal.
- + Of the actual users, at least 51% must be LMI.



PROJECT TYPE - COMMUNITY FACILITY

- User Agreements SEWER
 - + Wastewater projects should target obtaining user agreements from 75% of all households at the time of proposal.
 - + It is expected that 75% of households will have signed user agreements prior to contract execution.
 - Outstanding user agreements and easements should be addressed after proposal submission

PROJECT TYPE - ECONOMIC DEVELOPMENT

Projects targeting one category eligible for up to \$700,000

Projects targeting two or more categories are eligible for up to \$1,000,000

+ No single activity within a multi-activity economic

development project may represent more than \$700,000



PROJECT TYPE - ECONOMIC DEVELOPMENT

- Create jobs and business opportunities
- Eliminate blighting conditions as a means of creating better environments for future economic activities
- Major Activities:
 - + Job Creation and Retention
 - +Site Redevelopment
 - + Development Readiness
 - Business District Revitalization

PROJECT TYPE - ECONOMIC DEVELOPMENT

- Security for job creation
 - + For all Competitive Economic Development projects with job creation (except micro / loan pools)
 - + A Letter of Credit, bond, or other guaranteed form of security is required in the amount of the CDBG grant.
 - + Security must remain in place until all program requirements are satisfactorily met.
 - + If no Guaranty of Security, locality will only be reimbursed AFTER project completion and all benefits are met.

PROJECT TYPE - ECONOMIC DEVELOPMENT

- Site Redevelopment
 - +Slum and Blight
 - +Targets sites made unusable by previous uses.



- +Must evaluate value of the site before and after use.
- Development Readiness
 - +LMI benefit from job creation
 - +CDBG assistance must be recovered upon sale of the property.

PROJECT TYPES – BUSINESS DISTRICT REVITALIZATION (BDR)

- Long-term Impact
- Economic Restructuring Plan Where are you going and how are you getting there?
 - Include significant participation by a high number of stakeholders
 - + Assessment of local assets / opportunities (and challenges)
 - + Roadmap for investment
 - Local vision AND Regional view
 - + Identifies stakeholders and partners shows how groups can collaborate
 - + Old economic engine vs. new
 - + Implementation plan with specific short-term and longterm action items / milestones / goals / objectives

- Identify all elements of blight within the defined business district
- Identify your definition of blight
- Must demonstrate that at least 25% of the properties in the project area are physically blighted or have at least a 50% vacancy rate





- Physical Blight deteriorated conditions or states of disrepair
 - Infrastructure, buildings, and other physical elements
 - Detracts from the overall appearance and identity
 - ×You know it when you see it
- Economic blight vacant, disinvested, or underutilized buildings and properties
 - *Unrealized potential and projects a negative image
 - Cannot ignore economic conditions and expect physical improvements to have any lasting effect

- * PAR / PER / other documents to support costs
- Commitment to adopt redevelopment area
- * Telecommunications needs
- Identify other funding
- Include requests only where proven demand
 - + Loans pools with interested clients
 - + Business training with identified participants
 - + Housing with target beneficiaries

- Phased BDR option
 - + DHCD reserves the right to offer funding based upon phased implementation
 - + Funding will be based on the prioritized and phased implementation of activities
 - + Additional funding released upon the prompt and successful completion of the highest priority CDBG funded activities and all agreed upon leverage activities.

- Key Elements
 - + Demonstrate this is highest community development need
 - + Economic Restructuring Plan
 - + Significant stakeholder demand / involvement
 - + Main Street or similar organization
 - + Blight identification
 - + Business agreements

PROJECT TYPE - COMMUNITY SERVICE FACILITY (CSF)

- * Assistance is available up to \$700,000
- Physical facilities targeting the provision of important services to LMI persons and the community.
- **x** Can include:
 - + Day care facilities (associated with employment)
 - + Health clinics
 - + Workforce development
- Target new/enhanced services which can be tracked and shown to provide measurable benefits.
- Must demonstrate that facility development is a clear local community development priority.

PROJECT TYPE - CSF

Medical Clinics

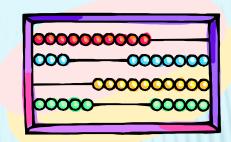
- + Provide rural areas with new services or services that otherwise meet a specific identified need.
- + CDBG funds are not intended to fund general practice clinics or extensions of hospitals.

× Workforce Centers

- Measurable benefits in terms of degrees, certifications, etc. that lead directly to LMI employment opportunities.
- Meets employers needs and potential employees needs – specific gaps
- + Need to provide detail on specific curriculum being utilized.

PROJECT TYPE - CSF





- + Benefits are based on unduplicated <u>persons</u> using the facility, and not occurrences (visits).
- + Current customers should be surveyed for at least 30-days to confirm the demand from LMI clients.
- + Identify nearest place for available services and why this is inadequate.

PROJECT TYPE - CSF

x Key items:

- + Operating cost and revenue information
- + Staffing plan
- + Well-documented need (market studies, surveys)
- + PAR
- + List of services / training to be offered
- + Locality must have control of the property during CDBG funded improvements.



IMPORTANT!

- The RFP is designed to be used WITH the Program Design
- CDBG requirements in the Program Design are NOT all repeated in the RFP.
- There is a RFP Guide to provide additional instuction.
 - + Available online or by request.



CRITICAL ITEMS

- * Two formal public hearings are required
 - + First Public Hearing: solicits input on local community development and housing needs and past use of CDBG funds
 - + <u>Second Public Hearing</u>: solicits input on a locality's proposed CIG proposal
- Advertisement and timing
 - + Advertised at least seven days prior in the nonlegal section of the local paper and by one other method. Hearings must be held at least one week apart
 - + Advertisements for hearing CANNOT be published at the same time

CRITICAL ITEMS

- * \$2.5 million cap on open CDBG projects
 - + Projects must be closed out by March 1 to not count against the cap for the 2013 competitive round.
- Include assurances, copies of advertisements, and copies of notices in ALL proposals
- Transmittal letter to PDC
- Contact DHCD if you have problems with the new application format or questions about what to submit

SUBMISSION REQUIREMENTS

Submit to DHCD by 5:00 pm on March 27, 2013

* Must use CAMS

Include documents such as PAR, PER, surveys, inspections, supporting documents in ATTACHMENTS.

DO YOU NEED HELP?

CHRIS THOMPSON POLICY MANAGER

804-371-7056

Chris.Thompson@dhcd.virginia.gov

MATTHEW WEAVER POLICY ANALYST

804-371-7067

Matthew.Weaver@dhcd.virginia.gov

- * CAMS
- Locality must submit.
- * Create a Profile now.
- * Assign staff to roles for assistance as needed.
- Do not share your password / login.

- * All proposals have standard questions.
- Choose the appropriate Project Type to have specific questions displayed.
- May choose multiple Project Types, depending on what activities you are addressing.
 - + Example A comprehensive neighborhood project may have housing activities and water and/or sewer activities.
 - + Choose all Project Types that apply to fully address all proposal elements.

- Complete the budget using available categories.
- * If you have a budget category or budget line item not listed, use the OTHER option and assign a label.
- On the budget tab, make sure the Budget Requested Amount matches the DHCD Total at the bottom.

* Internet Explorer is the recommended browser.

You can save progress at any time and come back later.

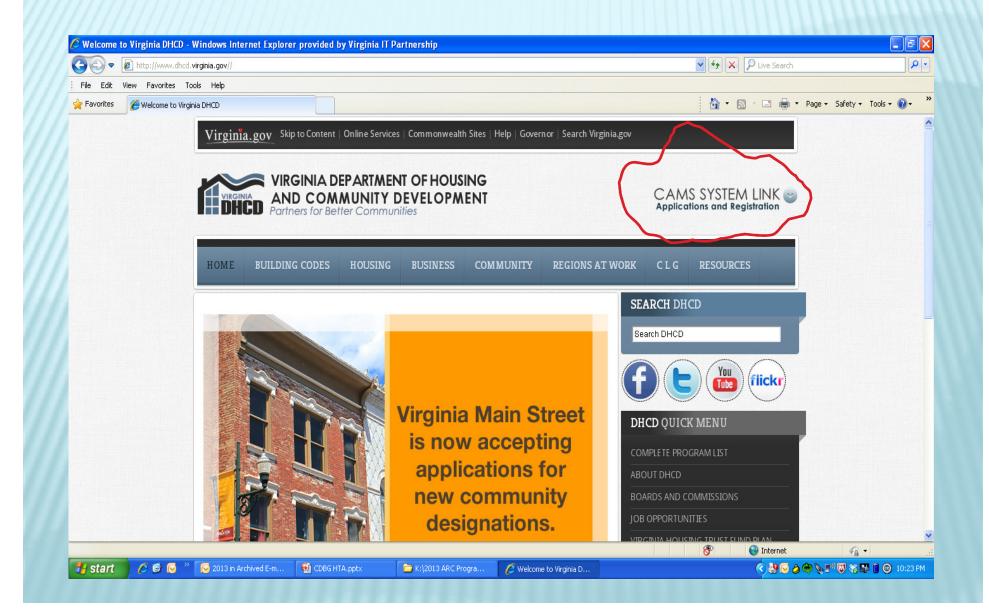
All fields require a response. Enter N/A if the question does not apply.

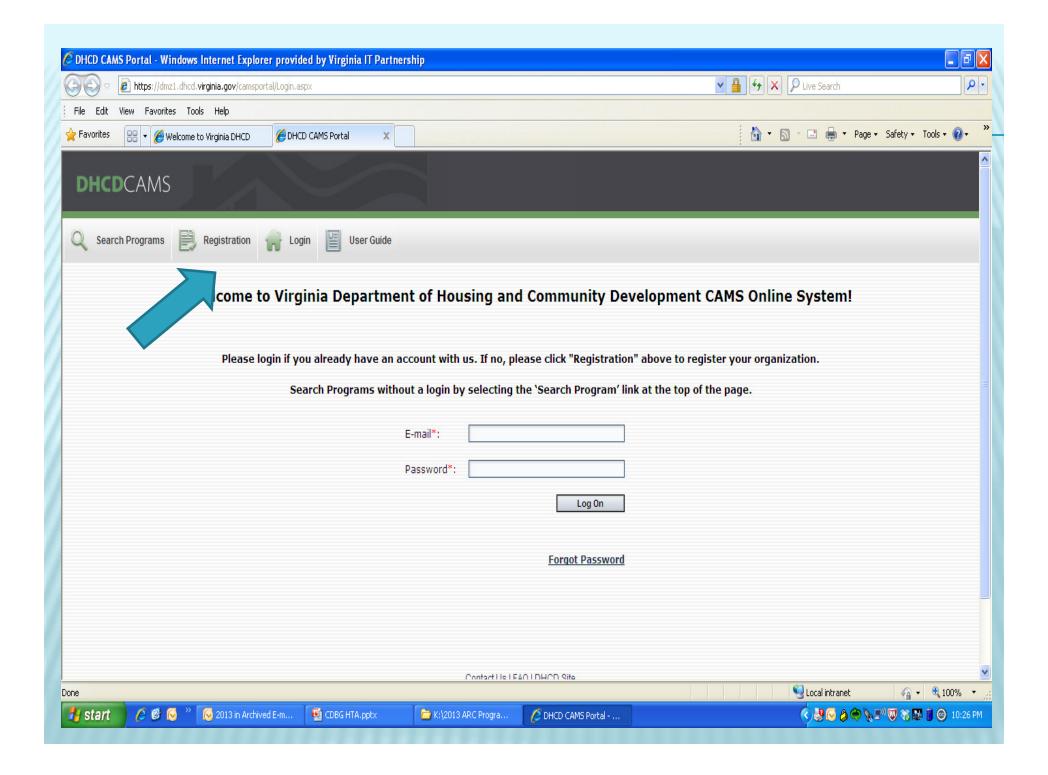
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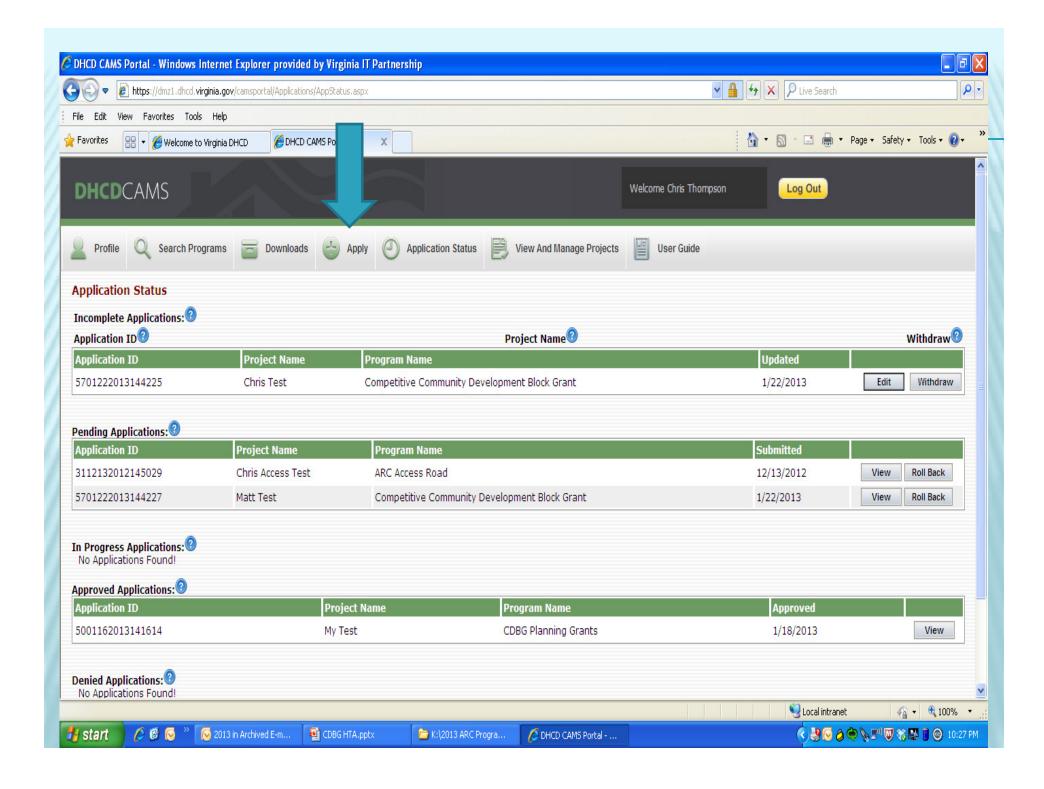
Save often. Use Save this Tab before moving to another section.

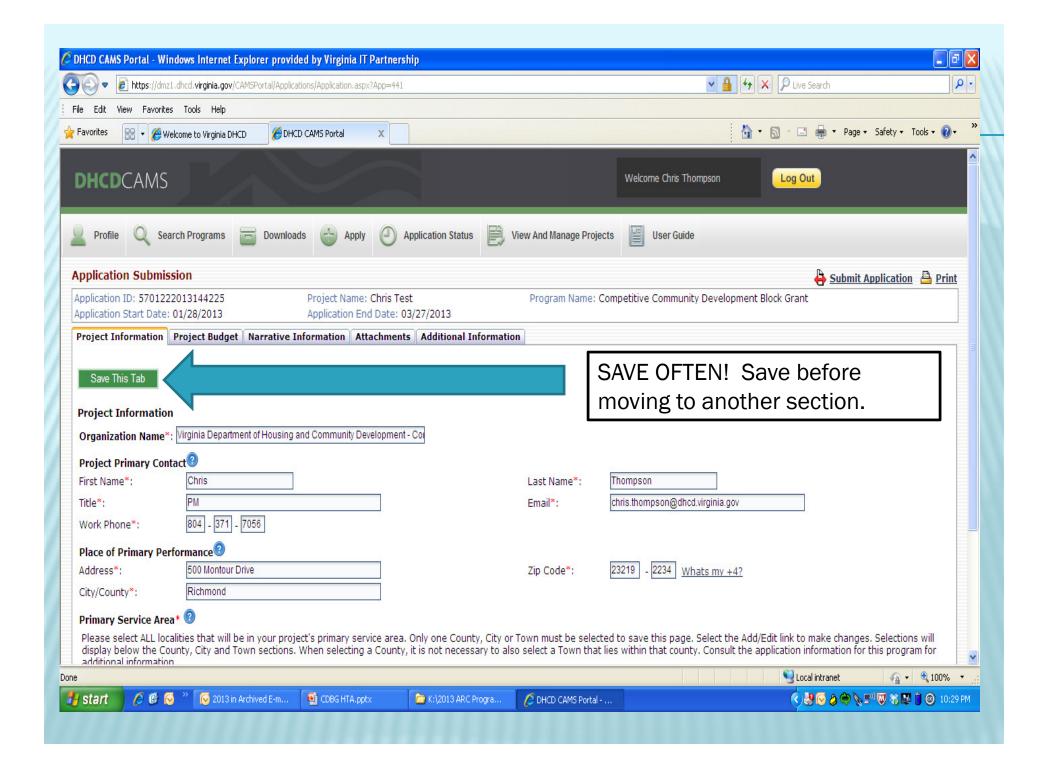
- * Attachments
 - + 2 gigabyte limit per attachment
 - + Use supplied templates as appropriate
- Start Early
- Call or Email with questions. Help Desk staff are available.

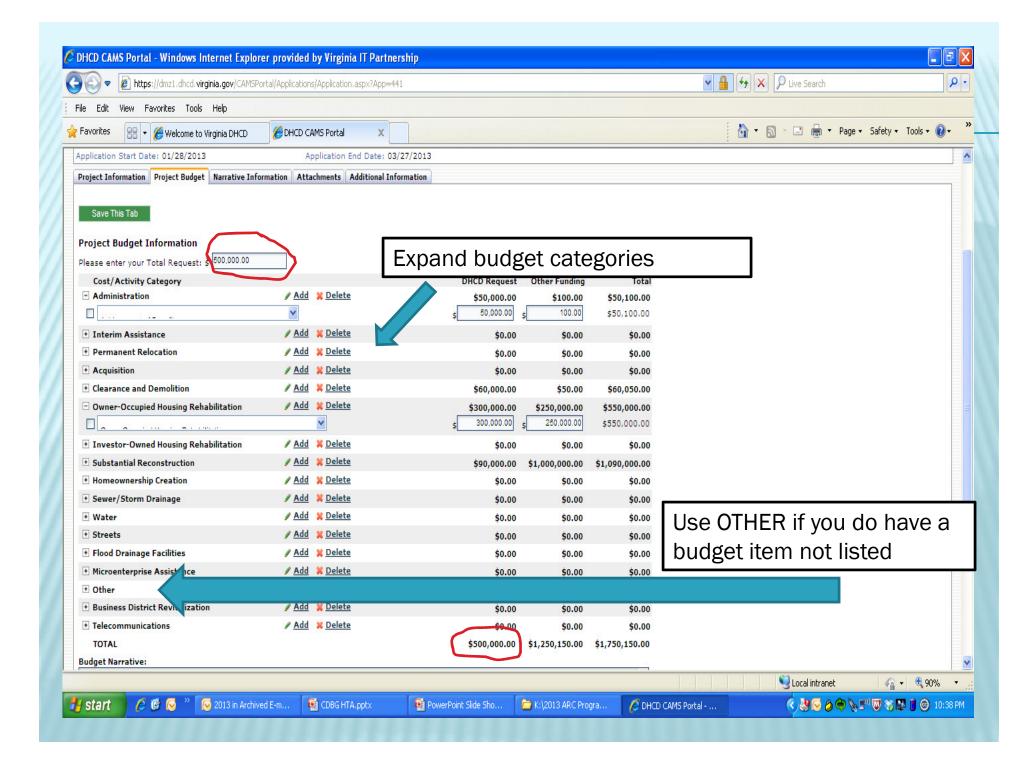
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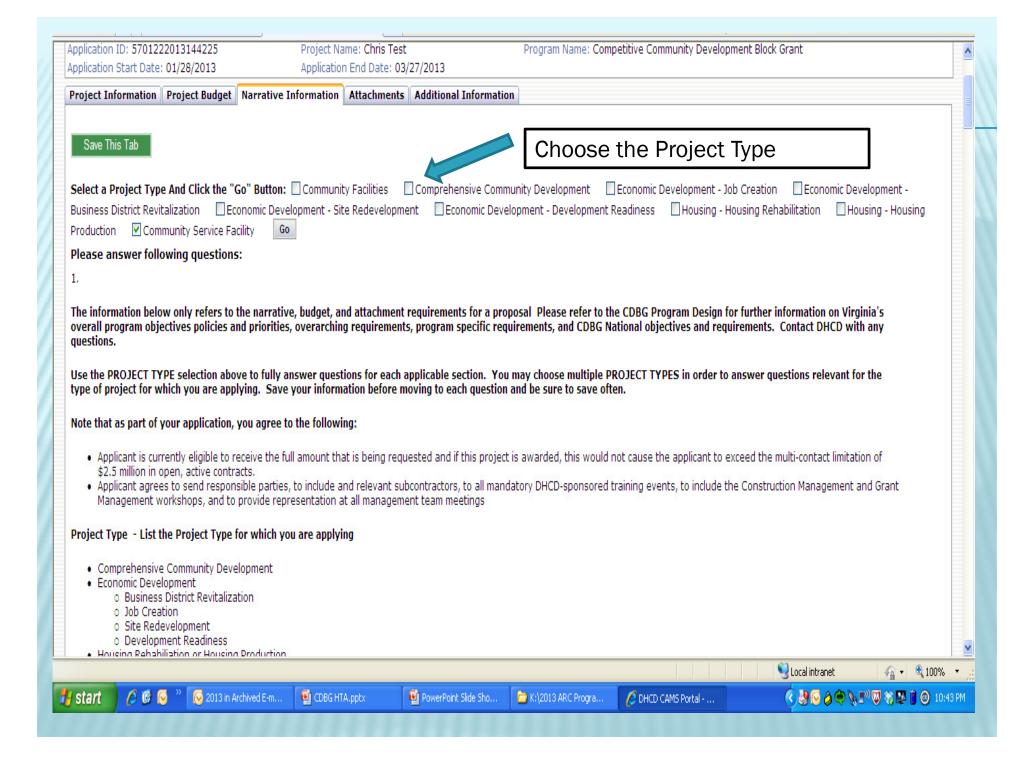


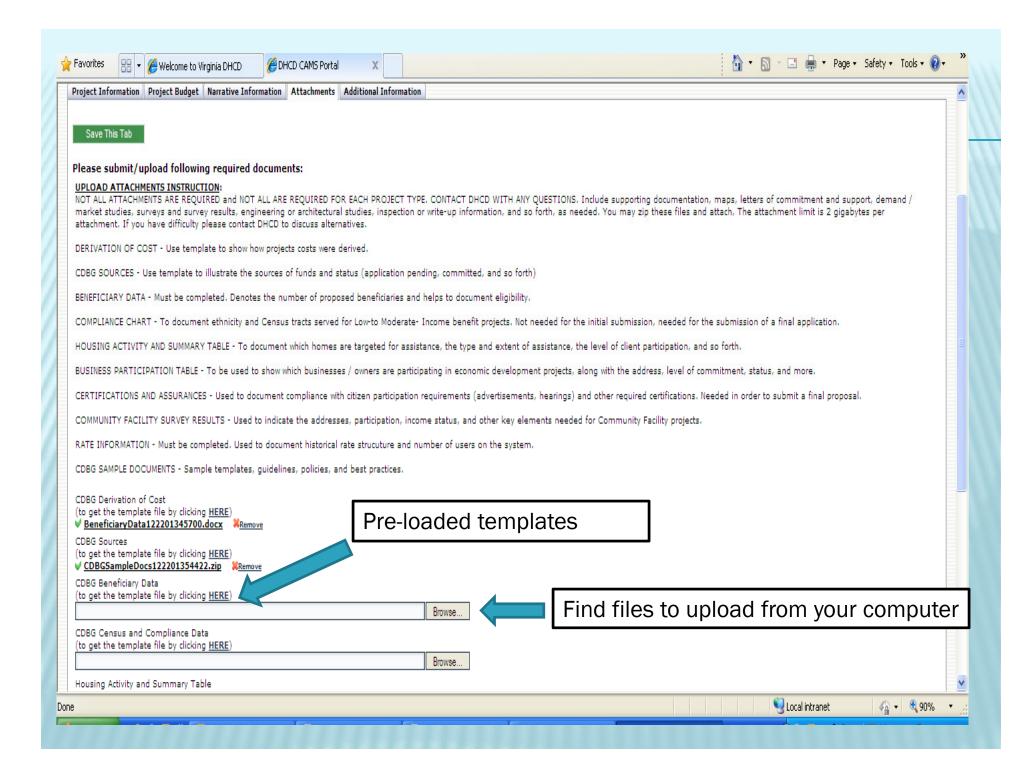


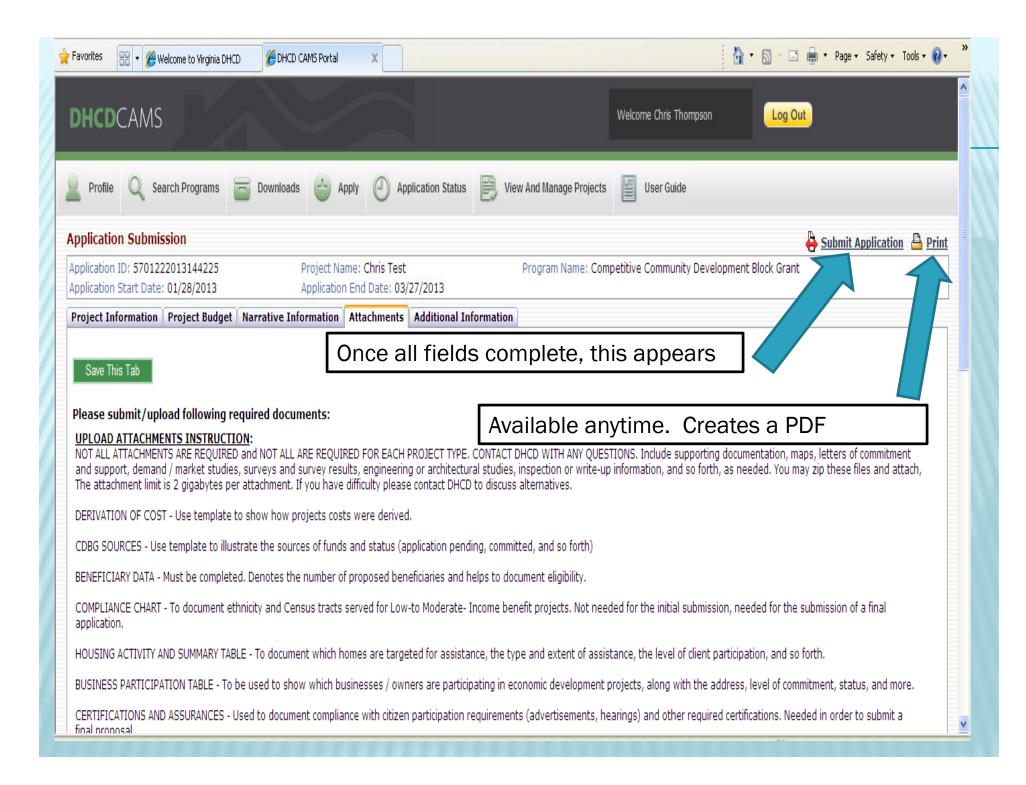












THANK YOU